

DARRINGTON SCHOOL DISTRICT No. 330
Snohomish County, Washington
September 1, 1994 Through August 31, 1995

Schedule Of Findings

1. District Officials Should Improve Controls Over Cash Receipting And Associated Student Body (ASB) Fund Raising Activities

As discussed in our 1993 audit Report No. 56153 and our 1994 audit Report No. 56676, we reviewed administrative and accounting controls governing the handling of cash receipts for all district funds at the various school sites and at the district's administrative office. We also performed a review of Associated Student Body Fund activities. Our audit revealed the following control weaknesses which are explained in items a. through g.:

Washington Administrative Code 392-123-010 states that the Accounting Manual for Public School Districts In the State of Washington shall govern the accounting procedures of each school district.

The accounting manual details the following requirements:

Chapter III, Section G-1, page 3, Separation of Duties
Chapter III, Section G-3, page 1, Timely Deposit
Chapter III, Section G-3, page 1, Cash Receipts
Chapter III, Section G-5, page 1-2, Inventory

a. Segregation Of Duties

The same person who writes receipts, also makes the deposits and performs the bank reconciliations. One person performs these functions for the district's administrative office, while one person at each school site writes receipts and prepares deposits. By not segregating the duties of cash receipting, depositing, and the reconciliation of bank account, management cannot ensure that all money is receipted and deposited intact.

We again recommend that district management adequately segregate the duties of cash receipting, depositing, and performing reconciliations.

b. Deposits Of Receipts

District cash receipts are not currently deposited on a weekly basis. The lack of weekly deposits increases the chance that receipts will be mishandled or stolen.

We recommend that all cash receipts be deposited within one week.

c. ASB Fund Cash Receipts Documentation

Mode of payment is not recorded on all ASB receipts, indicating whether cash or checks are received. Without any indication of mode of payment, management cannot be sure that all money received is being deposited intact with the bank.

Also WAC 392-138-035 states in part:

. . . All associated student body moneys, upon receipt, shall be transmitted intact to the district depository bank and then to the county treasurer

We again recommend that ASB staff members indicate mode of payment on each receipt.

d. ASB Receipting

Club, soft drink machine, and pencil machine money is currently counted by only the ASB Treasurer, upon receipt from the person making the deposit. This procedure limits the accountability for the receipts.

We recommend two people count the cash when it is receipted. One should be the person submitting the cash, the other should be the ASB Treasurer. Both people should be signing a receipt acknowledging the amount of money counted.

e. ASB Athletic Event Admission

The district does not issue tickets for admission into district sporting events. The failure to use tickets limits the district's control over cash received at the gate.

We recommend the district issue prenumbered tickets for sporting events. These should be reconciled against the amount of cash received for the event.

f. Inventory For ASB Fund Raisers/Soft Drink Sales/School Store

We found that district officials are not making periodic inventory counts of ASB merchandise, nor are they calculating expected revenue for these activities to compare with the actual revenue received. Without such procedures in effect, management will not be alerted to inventory shortages or undeposited receipts.

We again recommend that appropriate staff members periodically count inventory on hand. These figures, along with information on goods purchased, should be used to prepare reconciliations of actual versus expected cash receipts.

g. ASB Imprest Funds

Review of the ASB imprest accounts indicated that the accounts are handled entirely by the school secretaries and at no time is there a review of the account activity by an outside person.

We recommend that the principals or the business manager reconcile the accounts.